

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED  
OMB No. 1004-0137  
Expires: March 31, 2007

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

## SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well  
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator  
Caza Operating, LLC3a. Address  
200 North Loraine, Suite 1550, Midland, Texas 797013b. Phone No. (include area code)  
806 682 74714. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
252' FNL & 1900 FEL, Sec 27, T-23-S, R-27-E5. Lease Serial No.  
NM-112915\_SL VB 1139

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
CA NM 1286678. Well Name and No.  
Forehand Ranch 27 State Com # 1H9. API Well No.  
30 015 3984410. Field and Pool, or Exploratory Area  
Wildcat, Bone Spring11. County or Parish, State  
Eddy County, New Mexico

## 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input checked="" type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>Test &amp; Combine</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>ZONES.</b>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Caza Operating request permission to shut in current marginally economic Bone Springs well for 7 days and take a static BHP. We will then TA the existing Bone springs producing interval of 11,798 ft to 7,750 ft with a RBP and test the lower Delaware interval 5475 ft to 5560 ft. We will select perf this interval, acidize same and swab test for fracture stimulation evaluation. Assuming good we will frac down casing and produced for the recommended 60 days. We will obtain water/oil/gas samples. Evaluate production results and request a commingle order from NMOCD "C-107A" & BLM. Once the order has been obtained we will combine the two intervals and produce. Production will be separated by allocation formula derived from the test & requested on OCD form C-107A. Well will be produced via jet pump.

Accepted for record

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

Richard L. Wright

NMOCD

Title Operations Manager

Signature

Date

7/24/2013

APPROVED

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

AUG 27 2013

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**Annual CashFlow Report**

Project: U:\My Documents\HSE\PowerTools\Projects v9.2\Caza\_PDP plus 26 Well TOTAL PDP.mdb

Lease Name: Forehand Ranch 27 (1H)

Operator: Caza Petroleum, Inc.

County, ST: LEA, NM

Field Name: BONE SPRINGS HORIZONTAL

Location: 0-0-0

Reserve Type/Class: Probable/

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
12/2013	1	3,943	13,669	1,534	5,320	91.50	4.57	164,736
01/2014	1	660	2,174	257	846	91.50	4.58	27,359
Grand Total:		4,602	15,843	1,791	6,166	91.50	4.57	192,096

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
12/2013	145,237	14,121	5,378	0	5,378	5,378	5,280
01/2014	24,947	2,344	68	0	68	5,446	65
Grand Total:	170,185	16,465	5,446	0	5,446	5,446	5,346

**Discount Present Worth:**

0.00 %	5,446
10.00 %	5,346
20.00 %	5,256
30.00 %	5,175
40.00 %	5,101
50.00 %	5,034
60.00 %	4,972
70.00 %	4,915
80.00 %	4,862
90.00 %	4,812
100.00 %	4,766

**Economic Dates:**

Effective Date	08/2013
Calculated Limit	01/2014
Economic Life	6 Months
	0 Years 6 Months

**Economics Information:**

Net Payout Date:	08/2013
Rate of Return:	>100 %
Return on Investment:	0.00
Disc Return on Invest:	0.00
Initial Division of Interest:	

**Economics Summary:**

	Bbl Oil	Mcf Gas
Ultimate Gross	15,319	45,208
Historic Gross	9,746	25,770
Gross at Eff Date	10,717	29,365
Remaining Gross	4,602	15,843
Remaining Net	1,791	6,166

BTU Content: 1.200 mmbtu/mcf

Gravity: Oil: 28.00 Gas: 0.800

NRI

ORI

WI: 54.830000

Oil: 38.919000

0.000000

Gas: 38.919000

0.000000

Reversion Date: None

Injection: 0.000000

0.000000

## Rate/Time Graph

Project: U:\My Documents\IHS\PowerTools\Projects v9.2\Caza\_PDP plus 26 Well TOTAL PDP.mdb

Date: 7/24/2013

Time: 4:57 PM

Lease Name: Forehand Ranch 27 (1H)

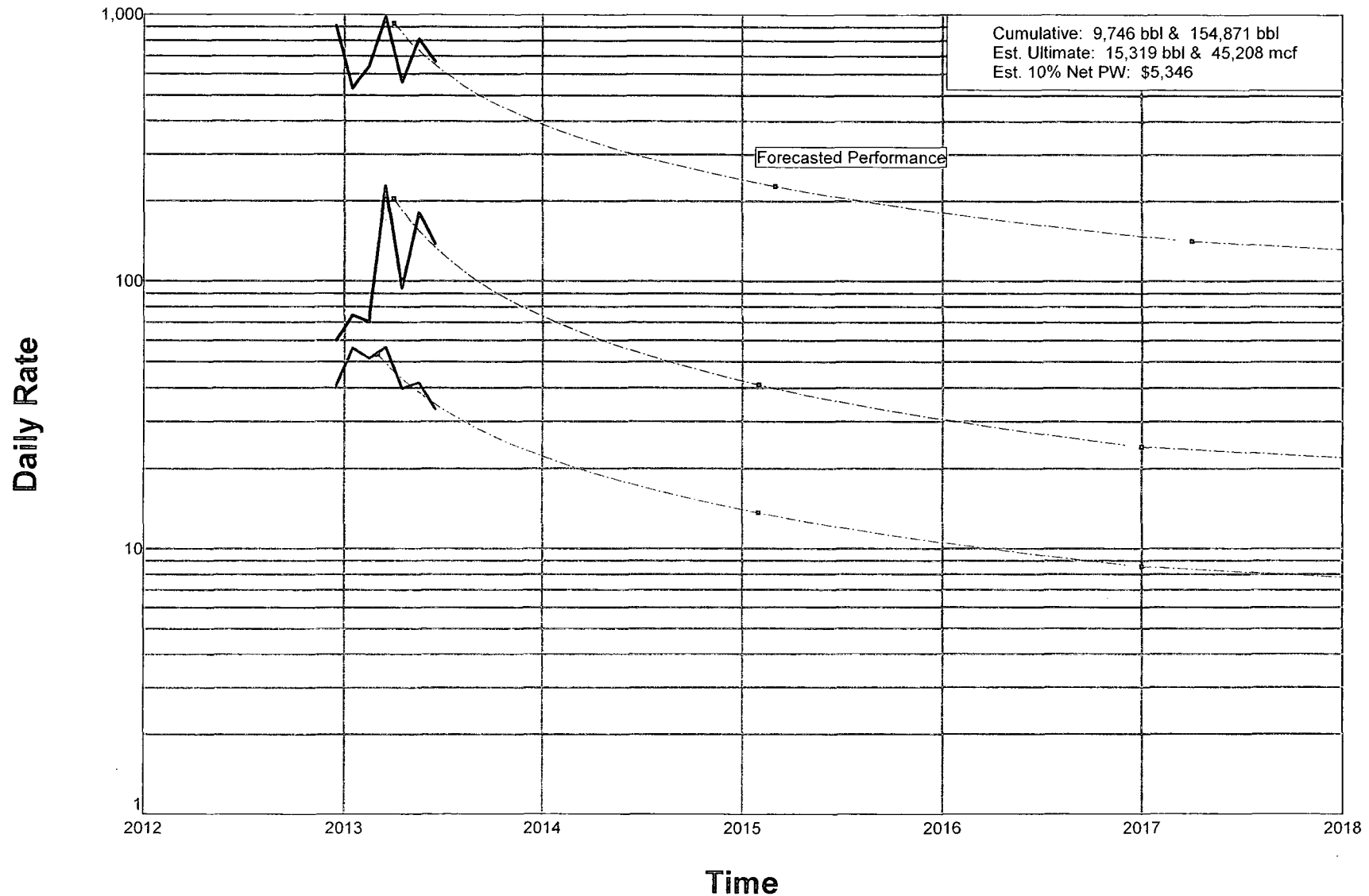
County, ST: LEA, NM

Location: 0-0-0

Operator: Caza Petroleum, Inc.

Field Name: BONE SPRINGS HORIZONTAL

### Forehand Ranch 27 - 1H - BONE SPRINGS HORIZONTAL



# Forehand Ranch 27 State Com # 1H

Location: Section 27\_T23S\_R27E\_Eddy County, New Mexico

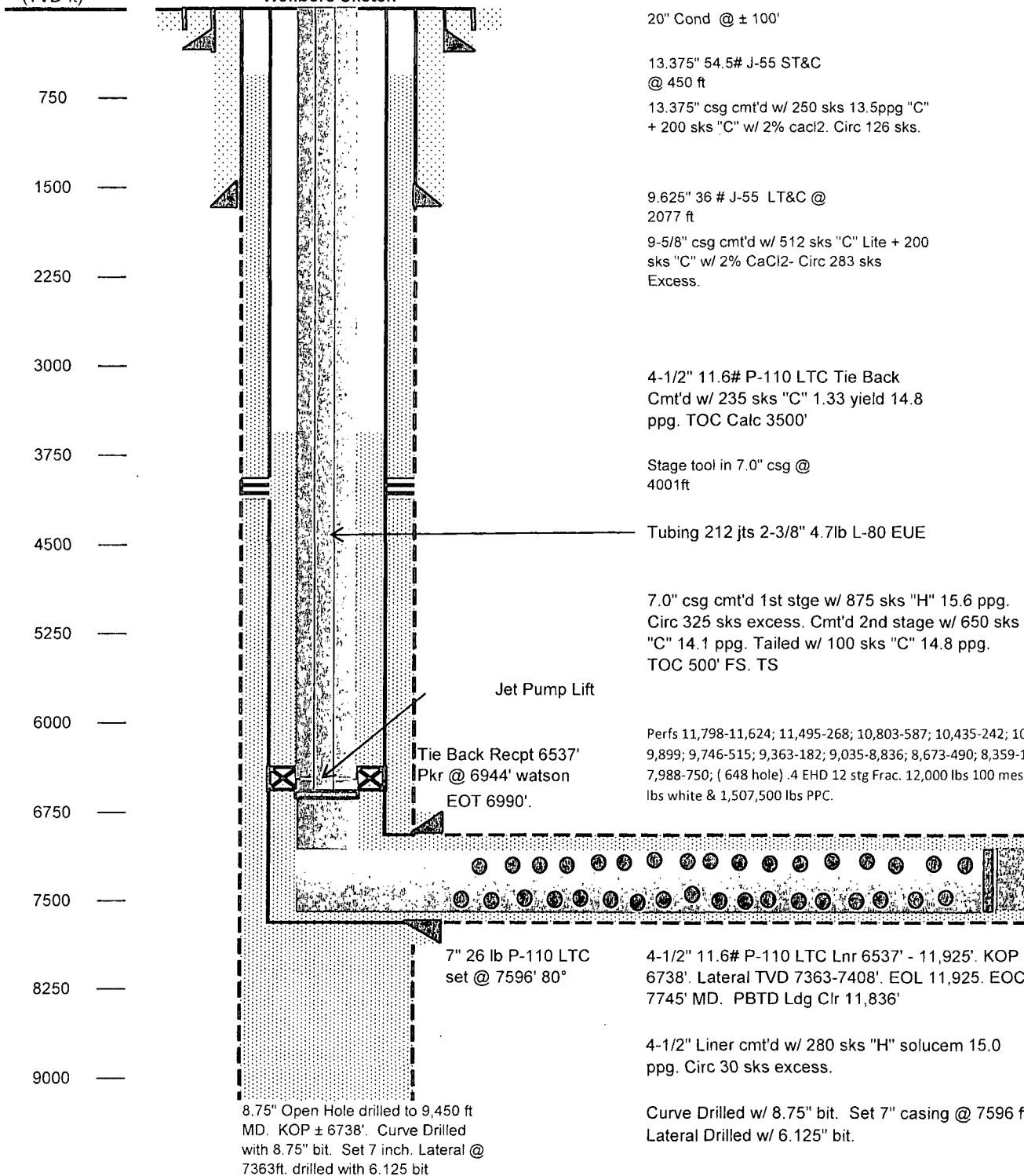


Surf Location 252' FNL & 1900 FEL\_API # 30-015-39844

BHL 5048.8' FNL & 1971.1' FEL, sec 27,T23S,R27E

Depth  
(TVD-ft)

Wellbore Sketch



**Forehand Ranch 27 State Com 1H**  
**30-015-39844**  
**Caza**  
**August 27, 2013**  
**Conditions of Approval**

**Work to be completed by November 27, 2013.**

**Notify BLM at 575-361-2822 a minimum of 24 hours prior to commencing work.**

- 1. Operator shall set RBP at 5,650'.**
- 2. Must conduct a casing integrity test before any perforating or fracturing can be done. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure.**
- 3. If CIT does not fail, work is approved as written.**
- 4. No DHC shall be done without approval from both the BLM and the State.**

**Note: if no DHC is desired operator must submit a plug back procedure for formations and DV tools.**

- 5. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.**
- 6. Surface disturbance beyond the originally approved pad must have prior approval.**
- 7. Closed loop system required.**
- 8. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.**
- 9. Operator to have H2S monitoring equipment on location.**

10. A minimum of a 3000 (3M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (3M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
11. **Subsequent sundry required detailing work done and completion report for the new formation. Operator to include well bore schematic of current well condition when work is complete.**

**JAM 082713**